
AGRESERVES LIMITED

ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 1999



AGRESERVES LIMITED

Company Information

Directors J. W. Creer
K. F. Keeler
T. G. Rueckert
C. R. Jolliffe
A. K. Broadway

Secretaries T. G. Rueckert
A. K. Broadway

Company Number 2947030

Registered Office Manor Farm
Woodwalton
Huntingdon
Cambs
PE17 5YU

Auditors Martin & Acock
2, The Close
Norwich
Norfolk
NR1 4DJ

AGRESERVES LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their report and the financial statements for the year ended 31 December 1999.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year after taxation, amounted to £43,471 (1998 - loss £335,370).

Principal activities and review of business

The company's principal activity continues to be that of arable and livestock farming.

The company continued to operate a policy of generating the highest profit feasible from efficient farming techniques that utilise the latest technology whilst ensuring the appearance and upkeep of the farm land and buildings are maintained to a high standard.

The directors are committed to maintaining the positive trends in crop performance, whilst striving to improve the economic rewards gained from the continued operating success, and are confident that previous levels of profitability can again be attained.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were :

	Ordinary shares of £1 each	
	31 December 1999	31 December 1998
J. W. Creer	-	-
K. F. Keeler	-	-
T. G. Rueckert	-	-
C. R. Jolliffe	-	-
A. K. Broadway	-	-

T.G. Rueckert and A. K. Broadway retire from the board at the annual general meeting and, being eligible, offer themselves for re-election.

Auditors

The auditors, Martin & Acock, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 01 September 2000 and signed on its behalf.


C.R. Jolliffe
Director

AUDITORS' REPORT TO AGRESERVES LIMITED

pursuant to section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 3 to 13 together with the financial statements of AgReserves Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1999.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts on pages 3 to 13 are properly prepared in accordance with that provision.

Martin and Acock

Martin & Acock

2, The Close
Norwich
Norfolk
NR1 4DJ

4 September 2000

AGRESERVES LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1999

	Note	1999 £	1998 £
GROSS PROFIT		505,836	220,135
Selling and distribution costs		(398,453)	(385,814)
Administrative expenses		200	(50,554)
Other operating income		88,888	45,162
OPERATING PROFIT/(LOSS)	2	196,471	(171,071)
Profit/(loss) on disposal of tangible fixed assets		9,483	(203,626)
		205,954	(374,697)
Interest receivable	5	73,524	47,563
Charitable payment		(279,478)	(36,356)
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(363,490)
TAXATION ON (LOSS) ON ORDINARY ACTIVITIES	6	43,477	28,120
RETAINED PROFIT/(LOSS) FOR THE YEAR		43,477	(335,370)
(LOSS) BROUGHT FORWARD		(369,836)	(34,466)
(LOSS) CARRIED FORWARD		£ (326,359)	£ (369,836)

All amounts relate to continuing operations.

There were no recognised gains and losses for 1999 or 1998 other than those included in the profit and loss account.

The notes on pages 7 to 13 form part of these financial statements.

AGRESERVES LIMITED

ABBREVIATED BALANCE SHEET
As at 31 December 1999

	Note	£	1999 £	£	1998 £
FIXED ASSETS					
Tangible fixed assets	7		814,354		705,143
Investments	8		4,478,774		4,478,774
			<u>5,293,128</u>		<u>5,183,917</u>
CURRENT ASSETS					
Stocks	9	1,399,084		1,512,109	
Debtors	10	780,714		464,037	
Cash at bank and in hand		422,712		528,698	
		<u>2,602,510</u>		<u>2,504,844</u>	
CREDITORS: amounts falling due within one year	11	<u>(1,871,997)</u>		<u>(1,665,120)</u>	
NET CURRENT ASSETS			<u>730,513</u>		<u>839,724</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>6,023,641</u>		<u>6,023,641</u>
PROVISIONS FOR LIABILITIES AND CHARGES	12		-		(43,477)
NET ASSETS			<u>£ 6,023,641</u>		<u>£ 5,980,164</u>
CAPITAL AND RESERVES					
Called up share capital	13		1,000,000		1,000,000
Capital reserve			5,350,000		5,350,000
Profit and loss account			(326,359)		(369,836)
SHAREHOLDERS' FUNDS - All equity	14		<u>£ 6,023,641</u>		<u>£ 5,980,164</u>

The directors have taken advantage of the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 on the grounds that the company is entitled to the benefit of those exemptions as a medium sized company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

The financial statements were approved by the board on 01 September 2000 and signed on its behalf

C. R. Jolliffe

Director

The notes on pages 7 to 13 form part of these financial statements.

CASH FLOW STATEMENT
For the year ended 31 December 1999

	Note	1999 £	1998 £
Net cash inflow from operating activities (Page 6)		407,849	563,714
Returns on Investments and servicing of finance	15	73,524	47,563
Capital expenditure and financial investment	15	(307,881)	25,815
Acquisitions and disposals	15	-	(953,319)
Deed of Covenant paid/payable		(279,478)	(36,356)
Decrease in cash in the period		<u>£ (105,986)</u>	<u>£ (352,583)</u>

The notes on pages 7 to 13 form part of these financial statements.

CASH FLOW STATEMENT INFORMATION
For the year ended 31 December 1999

	Note	1999	1998
	£	£	£
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating profit/(loss)		196,471	(171,071)
Depreciation of tangible fixed assets		208,153	204,564
Increase in debtors		(316,677)	(47,432)
Decrease/(increase) in stocks		113,025	(70,914)
Increase in creditors		206,877	648,567
Net cash inflow from operating activities		£ 407,849	£ 563,714
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
	16		
Decrease in cash in the period		(105,986)	(352,583)
Net funds at 1 January 1999		528,698	881,281
Net funds at 31 December 1999		£ 422,712	£ 528,698

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 1999

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Farm building improvements and drainage	-	straight line over 5 to 20 years
Plant & machinery	-	straight line over 5 to 10 years
Motor vehicles	-	straight line over 3 to 10 years
Fixtures, fittings, tools and equipment	-	straight line over 5 years

1.4 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.5 Stocks and cultivations

Stocks and cultivations are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.6 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.7 Pensions

The costs of providing pensions for employees are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surplus or deficit which may arise from time to time is amortised over the average working life of employees.

1.8 Area aid income

Area aid income is recognised in the profit and loss account when the underlying crops are sold. Set aside income is recognised on a receipts basis.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 1999

2. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	1999 £	1998 £
Depreciation of tangible fixed assets		
- owned by the company	208,153	204,564
Audit fees	8,000	8,000
Auditors' remuneration - non-audit services	1,175	1,175
Operating lease rentals		
- hire of plant & machinery	19,586	16,424
- other	284,950	290,367
	<u> </u>	<u> </u>

3. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	1999 £	1998 £
Wages and salaries	388,829	540,329
Social security costs	38,780	36,353
Other pension costs	38,474	27,526
	<u>£ 466,083</u>	<u>£ 604,208</u>

The average monthly number of employees, including directors, during the year was as follows:

	1999	1998
Farming	12	14
Office and management	7	9
	<u>19</u>	<u>23</u>

4. DIRECTORS' REMUNERATION

	1999 £	1998 £
Aggregate emoluments	54,038	55,308
Company pension contributions to money purchase schemes	5,934	5,447
	<u>£ 59,972</u>	<u>£ 60,755</u>

5. INTEREST RECEIVABLE

	1999 £	1998 £
Other interest receivable	£ 73,524	£ 47,563
	<u> </u>	<u> </u>

6. TAXATION

	1999 £	1998 £
Current year taxation		
Transfer from deferred taxation	£ (43,477)	£ (28,120)
	<u> </u>	<u> </u>

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 1999

7. TANGIBLE ASSETS

	Buildings and Improvements £	Plant and Machinery £	Motor Vehicles £	Total £
Cost				
At 1 January 1999	44,713	1,087,301	126,426	1,258,440
Additions	11,977	285,371	31,600	328,948
Disposals	-	(13,070)	(35,087)	(48,157)
At 31 December 1999	56,690	1,359,602	122,939	1,539,231
Depreciation				
At 1 January 1999	18,103	449,730	85,464	553,297
Charge for year	5,369	177,957	24,827	208,153
On disposals	-	(12,199)	(24,374)	(36,573)
At 31 December 1999	23,472	615,488	85,917	724,877
Net Book Value				
At 31 December 1999	£ 33,218	£ 744,114	£ 37,022	£ 814,354
At 31 December 1998	£ 26,610	£ 637,571	£ 40,962	£ 705,143

8. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Other investments £	Total £
Cost			
At 1 January 1999	4,473,598	5,176	4,478,774
At 31 December 1999	4,473,598	5,176	4,478,774
Net Book Value			
At 31 December 1999	£ 4,473,598	£ 5,176	£ 4,478,774
At 31 December 1998	£ 4,473,598	£ 5,176	£ 4,478,774

Shares in group undertakings consists of investment in two subsidiaries. The cost at 1 January 1999 of £3,520,279 is in Hallsworth (Farmland Trust) Limited, and £953,319 is in Farmspeed (Southery Anchor) Limited comprising a holding of 100% of the issued ordinary capital.

During its latest financial year Hallsworth (Farmland Trust) Limited made a profit after tax of £32,579 (1998 - £(65,152)) and at the end of that year the aggregate of its capital and reserves was £2,885,844 (1998 - £2,853,265).

During its latest financial year Farmspeed (Southery Anchor) Limited made a profit after tax of £42,166 (1998 - £266,880) and at the end of that year the aggregate of its capital and reserves was £1,257,746 (1998 - £1,215,580).

The market value of listed investments, which are included above at cost of £5,176, as at 31 December 1999 was £13,861 (1998: £12,425).

The market value of unlisted investments, which are included above at cost of £NIL, as at 31 December 1999 was £1,594 (1998: £1,594).

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 1999

9. STOCKS

	1999 £	1998 £
Livestock	106,651	111,022
Crops in store	848,772	788,912
Cultivations	383,785	414,615
Consumables	59,876	197,560
	<u>£ 1,399,084</u>	<u>£ 1,512,109</u>

10. DEBTORS

	1999 £	1998 £
Due within one year		
Trade debtors	434,642	264,997
Amounts owed by group undertakings	263,282	154,789
Other debtors	82,432	43,378
Prepayments and accrued income	358	873
	<u>£ 780,714</u>	<u>£ 464,037</u>

11. CREDITORS:

Amounts falling due within one year

	1999 £	1998 £
Trade creditors	107,870	103,585
Amounts owed to group undertakings	1,329,448	1,193,732
Other creditors	133,759	63,186
Accruals and deferred income	300,920	304,617
	<u>£ 1,871,997</u>	<u>£ 1,665,120</u>

A composite guarantee dated 27 March 1998 is in place for indebtedness between AgReserves Limited and its two subsidiary companies, Hallsworth (Farmland Trust) Limited and Farmspeed (Southern Anchor) Limited.

12. PROVISIONS FOR LIABILITIES AND CHARGES

	1999 £	1998 £
Deferred Tax		
At 1 January 1999	43,477	71,597
Credit for the year	(43,477)	(28,120)
	<u>£ -</u>	<u>£ 43,477</u>
At 31 December 1999		

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 1999

13. CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised		
2,000,000 ordinary shares of £1 each	£ 2,000,000	£ 2,000,000
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	£ 1,000,000	£ 1,000,000

14. SHAREHOLDERS' FUNDS

Reconciliation of movements on shareholders' funds

	1999 £	1998 £
Profit/(loss) for the year	43,477	(335,370)
Opening shareholders' funds	5,980,164	6,315,534
Closing shareholders' funds	£ 6,023,641	£ 5,980,164

15. ANALYSIS OF CASH FLOWS FOR HEADINGS
NETTED IN THE CASH FLOW STATEMENT

	1999 £	1998 £
Returns on investments and servicing of finance		
Interest received	73,524	47,563
Net cash inflow for returns on investments and servicing of finance	£ 73,524	£ 47,563
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(328,948)	(183,583)
Sale of intangible fixed assets	-	143,845
Sale of tangible fixed assets	21,067	65,553
Net cash (outflow)/inflow for capital expenditure	£ (307,881)	£ 25,815
Acquisitions and disposals		
Purchase of Farmspeed (Southery Anchor) Limited	-	(953,319)
Net cash inflow/(outflow) for acquisitions and disposals	£ -	£ (953,319)

16. ANALYSIS OF NET FUNDS

	At 1 Jan 1999 £	Cash flow £	At 31 Dec 1999 £
Net cash:			
Cash at bank and in hand	£ 528,698	£ (105,987)	£ 422,712

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 1999

17. CAPITAL COMMITMENTS

At 31 December 1999 the company had capital commitments as follows:

	1999 £	1998 £
Contracted for but not provided in these accounts	<u>£ 114,995</u>	<u>£ -</u>

18. OTHER COMMITMENTS

At 31 December 1999 the company had annual renegotiable commitments under operating leases as follows:

	Land and buildings	
	1999	1998
	£	£
Expiry date:		
Within 1 year	273,000	273,000

19. PENSION COMMITMENTS

The company is part of a group scheme operating a pension plan based on final pensionable earnings. The assets of the Plan are held in a separate trustee administered fund. Contributions charged to the revenue account are calculated so as to spread the cost of pensions over the employees' working lives with the company. The contributions are determined by a qualified actuary using the projected unit method.

The latest actuarial valuation of the Plan was as at 31 December 1998. The assumptions having the most significant effect on the valuation results were that investment returns would be 5.75% and that pensionable earnings increases would average 4.0% p.a. (pensionable earnings are currently increasing at 4.8% p.a.). The valuation showed that the market value of the Plan's assets was £11,418,099 and that the actuarial value of those assets represented 97% of the benefits that had accrued to members, after allowing for expected future increases in pensionable earnings.

The pension charged for the period was £38,474, which included allowance for the amortisation of experience surpluses. These are being recognised over 11 years, the average remaining service lives of employees.

20. RELATED PARTIES

During the normal courses of business, the company carried out arms length transactions with various related parties as follows:

a) The Church of Jesus Christ of Latter-Day Saints (Welfare) Limited which, under the name of England Farm Properties, is the company's landlord;

	1999	1998
Charitable covenant	£ (279,478)	£ (36,356)
Rent payable	£ (284,950)	£ (257,400)
Balance as at 31 December 1999	£(1,329,448)	£(1,178,210)

b) Hallsworth (Farmland Trust) Limited, a 100% subsidiary of the company;

Management fees receivable	£ 49,494	£ 93,274
Balance as at 31 December 1999	£ 54,866	£ (15,522)

c) Farmspeed (Southery Anchor) Limited, a 100% subsidiary of the company:

Management fees receivable	£ 63,990	£ 39,486
Balance as at 31 December 1999	£ 208,416	£ 154,789

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 1999

21. PARENT COMPANY

The company's ultimate joint parent undertakings are the Corporation of the President of the Church of Jesus Christ of the Latter-Day Saints and the Corporation of the Presiding Bishopric, both corporations being incorporated in the State of Utah.